There has been some controversy and doubt as to the necessity of giving notice of directors' meetings. The decisions are quite uniform, however, in holding that as to all special meetings notice must be given to each director. 2 THOMP., CORP., Ed. 2, § 1131; 3 COOK, CORP., Ed. 6, § 713a. Contra. *Edgerly* v. *Emerson*, 23 N. H. 555, 55 Am. Dec. 207; *Banks* v. *Flour Co.*, 41 Ohio St. 558; *State* v. *Smith*, 48 Vt. 266; *Amer. Exchange Bank of N. Y.* v. *First Nat. Bank of Spokane Falls*, 82 Fed. 961, 27 C. C. A. 274. The great weight of American authority in that notice of a special meeting must be given to every director, unless there is some express provision in the charter or by-laws or established usage to the contrary or unless it is impossible or impracticable to do so. 3 CLARK & MARSHALL, CORP., § 680; 10 CYC. 784. The law is inclined to tolerate more freedom in the notice and the calling of directors meetings, inasmuch as the meetings are more frequent, the absentees more common, the acts less fundamental, and ratification by acting on the contracts more certain and easy. 2 THOMP., CORP., Ed. 2, § 1131; 3 COOK, CORP., Ed. 6, § 713a. The principal case has the direct support of the decision in *Steiwell* v. *Webb Press Co.*, (1906) 79 Ark. 45, 94 S. W. 915, 116 Am. St. Rep. 62. There the facts were similar to those in the principal case except that the action taken by the board of directors authorized the execution of promissory notes and a deed of trust to a party unconnected with the corporation. There the directors who participated in the meeting were the only real shareholders, and the director not notified was a shareholder and director in name only. The court said, "The rule requiring that all the directors should have an opportunity to participate in the transactions of the corporation, being for the benefit of the shareholders, there was no one else to complain, as Walker (the director who received no notice) had no real interest to protect."

CORPORATIONS—RIGHTS OF COMMON AND PREFERRED STOCKHOLDERS.—The certificate of incorporation as permitted by the law of New Jersey provided that the preferred stock should "receive interest or dividends of 8% per annum and be preferred as to capital as well as to dividends." The preferred stock had received this dividend each year. No provision was made in regard to sharing in the surplus profits. This suit was brought by a holder of preferred stock to obtain a share of a stock dividend. *Held*, (WARD, C. J., dissenting) the preferred stockholders were entitled to receive a dividend of 8% per annum and nothing more. *Niles* v. *Ludlow Valve Mfg. Co.* (C. C. A., 2nd. Circ., 1913) 202 Fed. 141.

It would seem that unless the contract expressly provides otherwise, preferred stockholders should participate in the surplus profits remaining after the payment of the preferred dividend and an equal dividend on the common stock. 1 COOK, CORP., Ed. 6, § 269; *Fidelity Trust Co.* v. *Lehigh Valley R. R.*, 215 Pa. St. 610; 5 THOMP., CORP., Ed. 2, § 5273; *Jones* v. *Railroad*, 67 N. H. 119. This is the position taken by the dissenting judge in the principal case. The majority opinion in the principal case has the support of a decision of the Maryland court. *Scott* v. *Baltimore & Ohio R. R. Co.*, 93 Md. 475. Upon the dissolution of a corporation, and the distribution of its

assets among shareholders after payment of corporate indebtedness, it is the settled rule of law that in the absence of any provision in the statutes, by-laws, or certificates to the contrary, the preferred shareholders in the distribution share as common shareholders, and the surplus assets, after repayment of the paid-up capital, is divisible among all the stockholders, common and preferred, in proportion to their holdings. 1 COOK, CORP., Ed. 6, § 278; *Birch* v. *Cropper,* 61 L. T. Rep. 621; *Re Bridgwater Nav. Co.,* 58 L. T. Rep. 476; *People* v. *New York etc. Co.,* 50 N. Y. Misc. Rep. 23. The same rule would seem to apply, in the absence of an express provision, to a distribution of profits in excess of the full preferred dividend, and an equal dividend on the common stock. However, the question may still be considered an open one. 1 COOK, CORP., Ed. 6, p. 740, note. The decision in the principal case was placed on the ground that the fund out of which the stock dividend was declared consisted only of annual profits, although they had been kept on hand and permitted to accumulate for a number of years, and therefore belonged to the common stockholders.

CORPORATIONS—STOCKHOLDER'S RIGHT TO INSPECT BOOKS AS AFFECTED BY IMPROPER MOTIVE.—Application for mandamus was made by certain policyholders of the respondent corporation to compel it to permit them to make an inspection of its books and records. No statutory right of inspection existed. The evidence tended to show that the purpose was to copy a list of all the policy holders, together with the post office address of each, and a list of the outstanding loans of the corporation. It also tended to show that this information was not sought in good faith but to give it to business rivals. *Held,* that the purpose of the inspection was improper and the writ was therefore refused. *State* v. *German Mutual Life Ins. Co.* (Mo. 1913) 152 S. W. 618.

The common law rule in the United States is that a stockholder in a corporation has a right to inspect its books and records at proper times and for proper purposes. 2 CLARK & MARSHALL, CORP., § 530; 4 MICH. L. REV. 317; 4 THOMP., CORP., Ed. 2, § 4515; 2 COOK, CORP., Ed. 6, § 511. Under the common law, the motive of the stockholder is a material consideration, and an inspection cannot be compelled where the motive is improper. 9 MICH. L. REV. 721; 4 THOMP., CORP., Ed. 2, § 4524; 2 COOK, CORP., Ed. 6, § 515. Where the right exists the stockholder may avail himself of accountants, stenographers, etc., in making copies from the books and records of the company. 4 THOMP., CORP., Ed. 2, § 4529; 2 COOK, CORP., Ed. 6, § 515. The same principles obtain in the case of mutual organizations as in case of other private corporations. *McClintock* v. *Young Republicans,* 210 Pa. 115, 59 Atl. 691, 68 L. R. A. 459, 105 Am. St. Rep. 784. The court in the decision of the principal case recognized and applied all of the above principles. By the great weight of authority, it is held that where the right to inspect the books and records of a corporation is given by statute, the motive is immaterial so long as not unlawful. *Hub Construction Co.* v. *Breeder's Club,* 74 N. H. 282; *Cincinnati, etc. Co.* v. *Hoffmeister,* 62 Ohio St. 189, 78 Am .St. Rep. 707; 4 THOMP., CORP., Ed. 2, § 4516; *Johnson* v. *Langdon,* 135 Cal. 624.